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SERVICE DATE – SEPTEMBER 27, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34729]

Saginaw Bay Southern Railway Company–Acquisition and Operation Exemption–Rail
Line of CSX Transportation, Inc.

Saginaw Bay Southern Railway Company (SBS), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire and operate approximately 67 miles of rail line owned by CSX Transportation, Inc. (CSXT) in Bay, Saginaw, Genesee, and Midland Counties, MI, as follows: (1) from milepost CC 0.0 at the Saginaw Station to milepost CC 26.2 at the Mt. Morris Station; (2) from milepost CB 0.0 at the Saginaw Station to milepost CB 17.37 at the Midland Station; (3) from milepost CBB 0.0 at the Saginaw Station to milepost CBB 16.7 at the Essexville Station; (4) from milepost CBC 0.0 to milepost CBC 2.0 both at the Saginaw Station; (5) from milepost CBD 2.2 to milepost CBD 4.5 both at the Saginaw Station; (6) from milepost CSF 0.0 to milepost CSF 0.82 both at the Saginaw Station; and (7) from milepost CBE 7.72 to milepost CBE 10.09 both at the Paines Station.

Under this transaction, SBS will purchase the track along the line from CSXT and will lease the underlying right-of-way. SBS plans to provide service over the line through the use of a contract operator, Lake State Railway Company, although only SBS will hold responsibility for providing common carrier rail service over the line.

SBS certifies that its projected revenues will not exceed those that would qualify it as a Class III carrier. However, because the projected annual revenues of the rail line to be operated will exceed \$5 million following consummation of this transaction, SBS has certified to the Board, on August 19, 2005, as amended August 26, 2005, that it posted the required notice of its rail line acquisition at the workplace of the employees of CSXT and served the notice on the national offices of all labor unions with employees on the affected line. See 49 CFR 1150.32(e).

The transaction is expected to be consummated on or after October 28, 2005 (which is 60 days or more after SBS' certification to the Board that it had complied with the Board's regulation at 49 CFR 1150.32(e)).

This transaction is related to STB Finance Docket No. 34730, James George and J&JG Holding Company, Inc.-Continuance in Control Exemption-Saginaw Bay Southern Railway Company, wherein James George and J&JG Holding Company, Inc. seek authorization through a petition for exemption, to continue in control of SBS upon SBS' becoming a Class III rail carrier.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34729, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Andrew B. Kolesar III, Slover & Loftus, 1224 17th Street, N.W., Washington, DC 20036.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV”.

Decided: September 19, 2005.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary